SECRET

Contractual

APIC/P&DS/D/6-858
22 March 1966

MEMORANDUM FOR: Chief, Procurement Division, OL

5X1 SUBJECT: [ ] Contract No. [ ] Task Order
No. 02(100,877)65-R

REFERENCES: (a) Telephone Conversation between
5X1 [ ] P&DS/APIC and
5X1 [ ] of P&CB/PD/OL
this date regarding Subject.

5X1 (b) [ ] Monthly Narrative Report dated
February 1966 regarding Subject.

5X1 1. By Reference (a), [ ] of this staff was advised that
5X1 [ ] of your division had received advance notice of an ultimatum
regarding the subject contract by telephone conversation from [ ] 25
5X1 [ ] was advised that this ultimatum generally is
as follows:

5X1 a. [ ] is not interested in submitting the more detailed
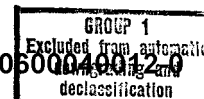5X1 proposal requested by [ ] on the 16th of March 1966.

5X1 b. [ ] will deliver the equipment as is, or

c. [ ] will deliver the equipment in accordance with their
most recent performance and cost proposal of approximately [ ] 25

5X1 d. [ ] requested a decision by the Government on or before
28 March 1966.

2. Before we can make a recommendation to Procurement Division
regarding this ultimatum, it is necessary that we have a specific written
instruction from you regarding the cost of alternative b. above, the
delivery of the equipment as is. We are advised that the initial
contractual agreement specifies a cost of approximately [ ] and by 25
5X1 Reference (b) that [ ] is currently in an unauthorized overrun status of
5X1 approximately [ ]

Declass Review by NGA

SECRET

SECRET

X1

    3. We do not believe that ⬚ has any legal basis for demanding payment of this overrun. However, before we can rest assured of the practical aspects of this situation and their relationships to the required decision, it is necessary that we be advised of your expert opinion regarding the cost of settlement if we accept the equipment in its present condition. In light of the time limit imposed by ⬚ it is requested that

25X

we be furnished this information by 25 March 1966 or that arrangements

X1

be made with ⬚ to allow whatever time is needed for this process.

25X

Colonel, USAF
Assistant for Plans and Development, NPIC

cc: Ch./SS/NPIC

Distribution:
    Original and 1 - Addressee
                2 - P&DS

X1

NPIC/P&DS/DB ⬚   (22 March 1966)